

**Summary of Undertakings  
of Anthem, Inc. and BC Life & Health Insurance Company  
to California Department of Insurance**

*The following are the proposed undertakings Anthem, Inc. has submitted to the California Department of Insurance in support of their application to acquire BC Life & Health Insurance Company. These undertakings have not been accepted nor rejected by the Department of Insurance, and the parties remain in discussions.*

- Executive Compensation – All executive change in control, retention and similar payments related to the merger of Anthem and WellPoint will be the sole responsibility of Anthem and will not to be charged to California policyholders.
- Dividends and Upstreaming – To ensure that policyholders do not bear the costs of executive compensation relating to the merger, for three years following the merger BC Life & Health Insurance Company (“BC Life”) will only pay dividends or make other distributions to its parent company or its affiliates if the payments are consistent with the historical pattern of dividends paid by BC Life or which leave BC Life with capital well in excess of the Department of Insurance requirements for other companies.
- Liquidity – BC Life will not pay dividends or make distributions if they reduce cash and investments below a very high level designed to ensure proper payment of claims and expenses.
- Debt – BC Life will not have any responsibility for debt incurred by Anthem or any of Anthem’s affiliates.
- Incurred But Not Reported Claims – Independent accounting or actuarial firms will provide assurances to the Department of Insurance that the incurred but not reported claims reported on BC Life’s financial statements are in fact actuarially justified.
- No “Cherry Picking” – If BC Life ceases to offer a product, it will offer affected policyholders any other products of BC Life without regard to health related factors. If BC Life ceases offering group products or individual products in California, affected policyholders will be allowed access to the most reasonably comparable products of Blue Cross of California without regard to health related factors.
- Maintenance of Efforts – Anthem will continue to approach the marketplace in California on the same basis as BC Life did before the merger. Changes in that approach will not be occasioned solely due to the merger and BC Life will continue to provide services to the governmental entities it serves and will continue in the individual and small group markets, assuming current market, economic and other conditions.

- California Presence – Anthem will assure that BC Life will continue to be supported by Blue Cross of California, which is required by the Knox-Keene Act to maintain its operations in California.
- Books and Records – To allow for proper Department of Insurance monitoring, BC Life's books and records will remain at all times in California.
- Intercompany Agreements – To guard against circumventing the intent of the undertakings, no changes can be made to administrative services and other intercompany agreements between BC Life and its affiliated companies without approval of the Department of Insurance.
- Administrative Costs – BC Life will maintain administrative costs at the same relative ratio that currently exists and the Department of Insurance will scrutinize administrative cost trend increases.
- Audits – The California Department of Insurance will have the absolute right to audit compliance with these undertakings and to take enforcement action.